

UNITED STATES SOCIAL SECURITY ACT: TITLES VIII AND IX

Obligations of Employers and Employees*

Under the provisions of the Federal Social Security Act, approved August 14, 1935 (49 Stat. 620), the Bureau of Internal Revenue is made responsible for collecting the taxes imposed by that Act. Two taxes are imposed by Title VIII, and one tax by Title IX, of the Act. Liability for the Title VIII taxes is determined under the provisions of Title VIII. Similarly, liability for the Title IX tax is determined under the provisions of Title IX. The provisions of either title are inapplicable to any tax imposed by the other title.

The taxes imposed under Title VIII became effective on January 1, 1937, and will be administered by the Miscellaneous Tax Unit of the Bureau. The tax imposed under Title IX became effective as of January 1, 1936, and is being administered by the Income Tax Unit of the Bureau. It is the purpose of this mimeograph to call to your attention the principal provisions of Titles VIII and IX of the Act, which affect persons subject to the taxes imposed thereby.

TITLE VIII

Section 801, Title VIII, of the Social Security Act, imposes an income tax upon every employee measured by the amount of "wages" received by him on and after January 1, 1937, with respect to "employment" on and after such date. Section 802(a) of the Act requires that this tax shall be collected by the employer of the taxpayer by deducting the amount thereof from the wages as and when paid. The employer is made liable for the payment of this tax whether or not it is collected from the employee.

Section 804, Title VIII, of the Social Security Act, imposes an excise tax upon every employer (irrespective of the number of individuals employed), measured by the amount of "wages" paid by him on and after January 1, 1937, with respect to "employment" on and after such date. Each tax under Title VIII is imposed at the following rates:

1. With respect to employment during the calendar years 1937, 1938, and 1939, the rate shall be 1 per cent.
2. With respect to employment during the calendar years 1940, 1941, and 1942, the rate shall be 1½ per cent.
3. With respect to employment during the calendar years 1943, 1944, and 1945, the rate shall be 2 per cent.
4. With respect to employment during the calendar years 1946, 1947, and 1948, the rate shall be 2½ per cent.
5. With respect to employment after December 31, 1948, the rate shall be 3 per cent.

The terms "wages" and "employment," for the purposes of Title VIII, are defined in Section 811 of the Act as follows:

"(a) The term 'wages' means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include that part of the remuneration which, after remuneration equal to \$3,000 has been paid to an individual by an employer with respect to employment during any calendar year, is paid to such individual by such employer with respect to employment during such calendar year.

"(b) The term 'employment' means any service of whatever nature, performed within the United States by an employee for his employer, except—

1. Agricultural labor;
2. Domestic service in a private home;
3. Casual labor not in the course of the employer's trade or business;
4. Service performed by an individual who has attained the age of sixty-five;
5. Service performed as an officer or member of the crew of a vessel documented under the laws of the United States or of any foreign country;
6. Service performed in the employ of the United States Government or of an instrumentality of the United States;

* See also news item in this issue, "When Employer Voluntarily Pays Employees' Tax," on page 202. The Editor prints this non-medical information because it may be of interest and importance to many members.

7. Service performed in the employ of a state, a political subdivision thereof, or an instrumentality of one or more states or political subdivisions;

8. Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Under the provisions of Section 11 of the Carriers Taxing Act, approved August 29, 1935 (49 Stat. 974), service performed as an employee of a carrier, or as a representative of such employees, within the meaning of that Act, are also excepted from "employment" as that term is used in Title VIII.

Detailed regulations under Title VIII which will contain provisions explaining its application (including provisions with respect to records to be kept, the method of paying the taxes, etc.), for the guidance of internal revenue officers and employees, taxpayers, and other interested persons, are in the course of preparation. It is expected that such regulations will be promulgated well in advance of January 1, 1937, the date the taxes become effective. When promulgated, copies of the regulations will be made available at the offices of collectors of internal revenue.

TITLE IX

Section 901, Title IX, of the Social Security Act imposes an excise tax upon employers with respect to having eight or more individuals in their employ on each of some twenty days during the taxable year, each such day being in a different calendar week equal to the following percentages of the total wages payable by them with respect to employment during the calendar year indicated:

- "1. With respect to employment during the calendar year 1936 the rate shall be 1 per cent;
2. With respect to employment during the calendar year 1937 the rate shall be 2 per cent;
3. With respect to employment after December 31, 1937, the rate shall be 3 per cent."

The tax applies only with respect to services performed by employees within the United States, and the following services are excepted:

- "1. Agricultural labor;
2. Domestic service in a private home;
3. Service performed as an officer or member of the crew of a vessel on the navigable waters of the United States;
4. Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of twenty-one in the employ of his father or mother;
5. Service performed in the employ of the United States Government or of an instrumentality of the United States;
6. Service performed in the employ of a state, a political subdivision thereof, or an instrumentality of one or more states or political subdivisions;
7. Service performed in the employ of a corporation, community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual."

The measure of the tax is the total amount of remuneration paid or payable by employers to their employees with respect to employment during the calendar year.

Under Section 902 of the Act, taxpayers are entitled to credit against the tax imposed by Section 901 of the Act, contributions made by them, with respect to services not excepted by Title IX of the Act, during the taxable year (before the date of filing their returns for the taxable year) into an unemployment fund under the laws of a state which has been certified by the Social Security Board to the Secretary of the Treasury. The total credit may not exceed 90 per cent of the tax imposed by Section 901 of the Act. The credit will not be allowed unless the taxpayer files the proof of credit provided by Article 212 of Regulations 90, promulgated with respect to the taxing provisions of Title IX of the Act.

Every employer subject to the provisions of Title IX of the Act is required to file a return on Form 940 on or before the thirty-first day of January, following the close of the calendar year with the collector of internal revenue for the district in which is located the principal place of business of the employer, and if the employer has no principal place of business in the United States the return must be filed with the collector of internal revenue at Baltimore, Maryland. The Commissioner may extend the time for filing the return for a period not to exceed sixty days from the date prescribed by law for filing the return. By Article 304 of Regulations 90 authority to grant extensions of time for filing returns has been delegated to the various collectors of internal revenue and such extensions will be granted in the same manner and under the same conditions as are applicable in the case of income tax returns. Applications for such extensions should be made to the collector of internal revenue for the district in which the employer files his returns.

The tax computed on the return is due and payable on the thirty-first day of January following the close of the calendar year, but the taxpayer may elect to pay such tax in four equal installments. If the taxpayer elects to pay the tax in four installments, one-fourth of the tax is due and payable on January 31, April 30, July 31, and October 31, respectively, following the close of the calendar year. An extension of time not to exceed six months from the date prescribed for the payment of the tax or any installment thereof may be granted by the Commissioner under such rules and regulations as he may prescribe with the approval of the Secretary of the Treasury.

Inquiries concerning Title VIII of the Act should refer to the number of this mimeograph and the symbols MT:SS, and inquiries concerning the taxing provisions of Title IX of the Act and Regulations 90 should refer to the number of this mimeograph and the symbols IT:RR.

Persons desirous of information in regard to provisions of the Act other than those relating to taxes are referred to the following agencies:

Old-age assistance, aid to dependent children, and aid to the blind; unemployment compensation; old-age benefits; Titles I, II, III, IV, VII, and X and Sections 903, 904, and 910 of Title IX of the Social Security Act: Bureau of Informational Service, Social Security Board, Washington, D. C.

Maternal and child-health services, services for crippled children, and child-welfare services: Title V, Parts 1, 2, 3, and 5, of the Social Security Act: Children's Bureau, Department of Labor, Washington, D. C.

Public-health work; Title VI of the Social Security Act: Bureau of Public Health Service, Department of the Treasury, Washington, D. C.

Vocational rehabilitation; Title V, Part 4, of the Social Security Act: Office of Education, Department of the Interior, Washington, D. C.

GUY T. HELVERING,
Commissioner.

THE CAMPAIGN AGAINST SYPHILIS

Greater progress will be made in 1937 than in any year since the World War in the campaign to stamp out syphilis and reduce the widespread prevalence of gonorrhea in the United States, it was confidently predicted recently by Dr. William F. Snow, General Director of the American Social Hygiene Association.

Important factors, Doctor Snow pointed out, are the funds available for this purpose to the United States Public Health Service and the Children's Bureau through the Social Security Act, and the changed attitude of newspapers and popular magazines which are now making possible the education of the general public through frank scientific and reassuring discussion.

Doctor Snow's comment was made as he left for Washington, D. C., to participate in the three-day Conference on Venereal Disease Control, December 28 to 30, called by Dr. Thomas Parran, Surgeon-General of the United States Public Health Service. He praised Doctor Parran warmly for making syphilis the next great point of attack in public health protection for the nation.

"It is conservatively estimated, said Doctor Snow, "that about six million men, women, and children throughout the nation are infected with syphilis, although not one in ten is under treatment by a licensed physician; and the amount of gonorrhea is more than twice as great. This minimum is maintained from year to year by new cases which thus far offset reductions through cure of patients. It is especially tragic that the age group in which the largest number of infections occur is between sixteen and thirty.

"Aside from the naturally appealing reasons for stamping out syphilis, such as the physical handicaps and suffering, the emotional distress, economic burdens, and the broken homes to which it is related, there is also a staggering tax load that can be traced to this disease. Thousands of its sufferers—their personal funds exhausted, and treatment delayed until their hearts or other organs have been damaged—are in free hospital wards or being cared for by visiting nurse organizations; additional thousands lose their sight and receive state blind relief pensions; many more thousands are admitted to institutions for the insane. If all fatalities actually due to syphilis were reported as such, very probably it would be found the leading cause of death in the United States.

"The persistent activities of such agencies as the American Social Hygiene Association and its affiliated and co-operating societies have supplemented the efforts of health departments and the medical and nursing professions to build a practical program for the control of venereal diseases. This has been accomplished; and it remains only to secure the necessary state and local appropriations, and sustained public interest, to insure steady progress in the conquest of syphilis and the treatment and control of gonorrhea."

Doctor Snow disclosed that plans are being made for the holding of simultaneous regional conferences in about twenty-five large cities, and meetings in smaller cities and rural areas throughout the country, on February 3, 1937, which has been designated as "National Social Hygiene Day." The American Social Hygiene Association, 50 West Fiftieth Street, New York City, is serving as the clearing house for data, ideas, and suggestions for anyone who may be interested.

Federal, state, and local health officials are collaborating with the Association and other voluntary agencies in utilizing these meetings to focus attention on the vital syphilis problem more extensively than ever before. Among the groups participating, in addition to the medical and public health professions, are a great number of welfare, educational, religious and civic organizations, such as the National Society for the Prevention of Blindness, National Organization for Public Health Nursing, National Tuberculosis Association, National Committee for Mental Hygiene, National Probation Association, National Council of Women, General Federation of Women's Clubs, Federal Council of Churches of Christ in America, and so on.

"The progress of these regional conferences, and the meetings in smaller communities," said Doctor Snow, "will be centered largely about the findings of the Surgeon-General's Conference on Venereal Disease Control. The scientific methods of accurate diagnosis and treatment for syphilis are known; but we must see that this knowledge is used for the benefit of the millions who need it, and for the protection of the rest of the population who are not yet infected."

Regulations for Public and Private Sanatoriums.—According to a law passed by the French senate and chamber of deputies recently, every sanatorium for the treatment of pulmonary tuberculosis will be obliged to possess grounds which will suffice to permit the patients to take walks without leaving the premises under control of the institution. Such an area will be in proportion to the number of beds in the sanatorium. A private sanatorium cannot be opened without special permission of the government. This applies also to any changes in construction and increase in the number of beds. Tuberculous patients whose sanatorium costs are paid by the social insurance authorities can be treated only in institutions that are regularly licensed and not indiscriminately in any villa, hotel, boarding house or private resort.